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Federal Communications Commission
Office of Secretary

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	MM Docket No. 96-197
Newspaper/Radio Cross-Ownership	)	DOCKET FILE COPY ORIGINAL
Waiver Policy	)	

NOTICE OF INQUIRY

Comments of the Benton Foundation

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List ABCDE

I. Introduction: The Commission Should Not Lift Cross-Ownership Rules

In this Notice of Inquiry ("NOI"), the Commission is requesting comments on revisions to policies concerning waiver of the newspaper/radio cross-ownership restriction. The Benton Foundation strongly opposes any change in policy that results in lifting the restrictions on newspaper/radio cross-ownership. Benton finds the loosening of broadcast ownership rules have already increased media concentration. Moreover, the Congress considered and rejected changing broadcast/newspaper ownership rules while considering the Telecommunications Act of 1996. The current trends towards consolidation in media ownership rasie two important public interest concerns: Is competition diminished when the sources of news, entertainment, and advertising are narrowed? and Is diversity of viewpoint diminished as conglomerates grow?

The Benton Foundation ("Benton") believes that communications in the public interest, including free, over-the-air broadcast radio and newspapers, is essential to a strong democracy. Benton's mission is to realize the social benefits made possible by the public interest use of communications. Benton bridges the worlds of philanthropy, community practice, and public policy. It develops and provides effective information and communication tools and strategies to equip and engage individuals and organizations in the emerging digital communications environment.

Benton's Communications Policy Project is a nonpartisan initiative to strengthen public interest efforts in shaping the emerging National Information Infrastructure (NII). It is Benton's conviction that the vigorous participation of the nonprofit sector in policy debates, regulatory processes and demonstration projects will help realize the public interest potential of the NII. Current emphases of Benton's research include extending universal service in the digital age; the future of public service in the new media environment; the implications of new networking tools for civic participation and public dialogue; the roles of states as laboratories for policy development; and the ways in which noncommercial applications and services are being developed through new telecommunications and information tools.

Benton's Communications Policy Project provides a daily news clipping service called Headlines via electronic mailing lists. Headlines are highlights of news articles summarized by staff at Benton. They describe articles of interest to our work – primarily those describing long term trends and developments in communications, technology, journalism, public service media, and regulation. Headlines allows Benton and our subscribers to track developments in the emerging NII.

II The Loosening of Broadcast Ownership Rules in the Telecommunications Act of 1996 Have Encouraged Increased Media Concentration

Passage of the 1996 Act has caused a market frenzy for the acquisition of broadcast outlets. On May 20, 1996, *Broadcasting and Cable* reported phenomenal transfer of broadcast station ownership.[1] In the seven days proceeding publication of the article, broadcast station trading totaled $1.87 billion. In all of 1992 there was "only" $1 billion in trading. The article noted how deregulation is driving consolidation in the radio market and further noted how purchasing groups are clustering their ownership within the same market. Cox Broadcasting, for example, is concentrating its ownership in Orlando, Florida. Clustering ownership in a single market is particularly troublesome for competition. A single company could conceivably purchase all the rock format stations in one market and then dictate the price of advertising on that format – thus controlling advertisers' access to that niche market.

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[1] See "One week: $1.9 billion," Broadcasting and Cable, p. 6, May 20, 1996.

Far from ensuring an increase of diversity of viewpoints, Benton notes that the increased concentration of media ownership and the possible lifting of cross-ownership rules only multiplies single viewpoints. Many American cities are served by only one newspaper at this time. If the newspaper was purchased by a purchasing group that has multiple radio outlets in a market – perhaps all the news radio stations in a market – the group could then have significant control over local news coverage and reporting.

The significance of influence of local news outlets should not be overlooked. Take, for example, the case of the Fox cross-ownership waiver in New York City. Rupert Murdoch has used his media outlets to praise politicians he backs,[2] and then relies on those same politicians to try to gain competitive advantage for other media outlets he controls.[3]

At a time the Commission is also considering a proceeding that amplifies television broadcasters' voices by increasing their capacity,[4] there should be no move to promote consolidation between the radio and newspaper industries as well. The broadcast market should be allowed some time to settle and, after a stabilizing period, the effects of deregulation should be addressed.

III Congress Has Rejected Changing Newspaper/Broadcast Ownership Rules

The signing of the Telecommunications Act of 1996 ("1996 Act") marked the most comprehensive re-evaluation of national communications policy in 62 years. The Act touches nearly every communications medium from television to telephone, from radio to the Internet. The 1996 Act included many provisions aimed at allowing greater media concentration in the United States. Section 202 explicitly addresses broadcast ownership. As the NOI mentions the "House of Representatives explicitly considered and rejected changes to the newspaper/broadcast cross-ownership rules."[5] Executive Branch officials also voiced concerns about media concentration and considered a veto of the 1996 Act because of the issue.[6] If the Congress in its comprehensive review of communications law has rejected lifting this restriction, Benton proposes that the Commission may not, of its own accord, do so.

IV The Danger: "More Choices, Fewer Voices"

The danger Benton fears is a world of what appears to be increasing media options – hundreds of video channels, radio stations, and newspapers all with corresponding Internet WWW sites or other online services and competing for consumer attention – but that those options are controlled

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[2] See "Mr. Murdoch's Rage," New York Times editorial, October 24, 1996.

[3] See "City Pressures Time Warner to Transmit Fox News Channel" New York Times news article, October 4, 1996.

[4] See Mass Media Docket No. 87-268: Advanced Television Systems and Their Impact on Existing Television Broadcast Service.

[5] See NOI at ¶ 7.

[6] See, for example, "House Is Expected to Push For Radical Deregulation of Telecommunications," Wall Street Journal news article, June 19, 1995.

by fewer and fewer large conglomerates. Benton is not alone in this fear. A number of editorials and stories expressed these same concerns in the wake of much publicized media mergers in the summer of 1995 and later.[7] These editorials and news articles come back to two basic public interest questions: Is competition diminished when the sources of news, entertainment, and advertising are narrowed? and Is diversity of viewpoint diminished as conglomerates grow? To both questions Benton suggests that the evidence of recent consolidations in the print press, radio, telephone, and cable television all points to "Yes." Benton cautions the Commission to not accelerate this trend by reaching farther than the 1996 Act to allow further media concentration.

Respectfully submitted,

Kevin Taglang
Benton Foundation

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7 See "Media Mergers," New York Times editorial, August 2, 1995; "Media Marriages," Washington Post editorial, August 3, 1995; Maureen Dowd, "Mickey Mouse News, " New York Times op-ed, August 3, 1995; Bill Kovach, "Big Deals, With Journalism Thrown In," New York Times op-ed, August 3, 1995; Daniel Pearl, "Media Concentration Has Left and Right Worried About Big Firms Gaining a Lock on Information," Wall Street Journal news article, August 31, 1995; "In the Public Interest?" Wall Street Journal editorial, September 29, 1995; Jim Naureckas, "Media Monopoly: Long History, Short Memories," Extra! news article; Paul Farhi, "Too Close for Comfort?" Washington Post news article; "Misgivings Over a Media Merger," New York Times editorial, September 6, 1996.

Appendix

Merger-related Editorials and News Articles

One week: $1.9 billion

Station trading last week reached an astonishing $1.87 billion. It wasn't too long ago—1992 to be exact—when $1 billion accounted for an entire year of broadcast-station transactions.

But with deregulation fueling consolidation and high prices, deal-making this year is reaching new heights. Station trading totals $5.55 billion, double last year's tally for the period. Although the total number of deals remains steady—399 this year, 360 last year—prices are higher.

A pickup in TV station trading fueled last week's number, with Young Broadcasting Inc. spending $385 million for Disney's KCAL-TV Los Angeles and the New York Times Co. buying WHO-TV Des Moines and KFOR-TV Oklahoma City for about $200 million. Bert Ellis sold his 12 TVs for $732 million, but is keeping his hand in the new company.

Deregulation continues to drive consolidation in radio. Last week, Chancellor Corp. bought OmniAmerica Group for $178 million, accumulating a total 43 radio stations, and Cox Broadcasting formed a 38-station group by buying NewCity Communications for $250 million.

Groups are also swapping stations to better cluster their holdings in certain markets. Last week, Cox traded its two Chicago FMs for Infinity's recently purchased stations in Orlando (two FMs, one AM). And when they don't swap, they sell. Witness last week's sale of the last of Crescent Communications' radio stations (see page 44) and Clear Channel's $6.9 million purchase of SFX Broadcasting's radios in Louisville, Ky. (see page 45). SFX had acquired the stations in February with Prism Radio Partners, but Louisville is not one of SFX's markets. —ER, HAJ

Disney-friendly Young gets KCAL

Buyer pays $385 million for Los Angeles V; duopoly a possibility

By Elizabeth Rathbun

By keeping KCAL(TV) Los Angeles in the family, the Walt Disney Co. may end up owning two stations in the nation's second-largest market should the FCC loosen its TV duopoly rules, some observers say.

Vincent J. Young has entered a big market in a big way, buying Disney's KCAL for $385 million.

Disney last week agreed to sell the ch. 9 independent to Young Broadcasting Inc. for $385 million—$368 million in cash plus net working capital. Disney, after buying Capital Cities/ABC Inc. and its top-rated KABC-TV Los Angeles, chose to divest KCAL to secure Justice Department approval of the merger.

But Disney, again via ABC, maintains a more than 14% nonvoting interest in Young. ABC had invested $25 million in the company in 1994 and has warrants to buy more Young stock.

"Disney is selling it back, to some extent, to itself," one analyst says. Broker Ted Hepburn speculates that Disney "wanted it in friendly hands.... Someday they may get duopoly."

SMALL TO MIDSIZE AT HEART

Young Broadcasting owns more ABC affiliates [illegible] according to Young's 1995 10-K report. Here is what Young's [illegible] like, including the newest, KCAL Los Angeles:

	[illegible]	[illegible]
KCAL* Los Angeles	2	[illegible]
WTVO-TV Rockford, Ill.	[illegible]	[illegible]
KWQC-TV* Davenport, Iowa (Quad Cities)	[illegible]	[illegible]
WCDC(TV) Adams, Mass./Albany, N.Y.	52	[illegible]
WTEN(TV) Albany, N.Y.	52	[illegible]
KLFY-TV Lafayette, La.	121	CBS
WLNS-TV Lansing, Mich.	108	CBS
KELO-TV* Sioux Falls, S.D.	105	CBS
WATE-TV Knoxville, Tenn.	62	[illegible]
WKRN(TV) Nashville	33	[illegible]
WRIC-TV Petersburg/Richmond, Va.	[illegible]	[illegible]
WKBT(TV) LaCrosse, Wis.	[illegible]	[illegible]
WBAY-TV Green Bay, Wis.	[illegible]	[illegible]

*buying

Disney's nonattributable link to Young will not cause problems at the FCC, says company chairman Vincent J. Young: "We don't think the FCC is going to present any issue at all here."

Young seemed to come out of nowhere to buy the station. The New York–based company owns or is buying 12 TVs—all network affiliates—in small to midsize markets, and was not mentioned in the flood of speculation about a possible buyer for KCAL. Also said to be bidding for the station were Emmis Broadcasting, Granite Broadcasting and Argyle Communications.

But Young won, and the deal boosts it into the ranks of top TV group owners. With KCAL, Young doubles its coverage from 4.1% of the nation's TV house-

Mr. Murdoch's Rage

In the annals of temper tantrums, it would be hard to match Rupert Murdoch's fit over being shut out of Time Warner cable television in New York City.

Mr. Murdoch has an extremely big megaphone, which he is using to wage a campaign of personal vilification against his enemies. Granted, Ted Turner went over the line by comparing Mr. Murdoch to "the late Führer" in a conversation with reporters last month. But Mr. Turner later apologized, and it is Mr. Murdoch's New York Post that keeps running Mr. Turner's comments while suggesting that he is "veering dangerously toward insanity." To underscore its point the paper portrayed Mr. Turner, who is known to have taken lithium, a drug used to treat manic-depression, in a cartoon wearing a straitjacket.

It is unsettling enough to contemplate a world dominated by a few giant media companies without imagining them being run by spiteful egomaniacs. All that high-minded justification of mergers is brought down to earth by the spectacle of Mr. Murdoch pursuing his quarry. Mr. Turner, owner of the Atlanta Braves, was not even shown on television during the first three games of the World Series (televised by Mr. Murdoch's Fox Broadcasting).

Time Warner's behavior is that of a monopoly, in this case one granted by the city government to supply cable television to 1.1 million New Yorkers. In addition, the scheme advanced by Mayor Rudolph Giuliani to put the Fox news broadcast on one of the city-run channels might never have been opposed by Time Warner if it had not absorbed Mr. Turner's company and if Mr. Turner had not made it clear that he wanted no competition for CNN. But Time Warner's monopoly never bothered city or state officials or even Mr. Murdoch until it added another news channel, passing over Fox in favor of a news unit owned by NBC and Microsoft. The move was made after Time Warner promised to make room for another news channel in return for winning Federal approval of its merger.

Mr. Murdoch does a disservice to journalism by using his media outlets to carry out personal vendettas for financial gain. He has also relentlessly used his papers in Britain and Australia to advance a political agenda, and his lavish coverage of the virtues of Mr. Giuliani, Gov. George Pataki and Attorney General Dennis Vacco have not gone unappreciated. Mr. Giuliani argues he wants to help Fox create 1,400 new jobs, which is no doubt true. But one thing this is not about is Mr. Murdoch's belief in free expression. If it were, he would have a tough time explaining why he summarily removed the BBC from the Star network in China in 1994 to avoid offending Chinese leaders. "The BBC was driving them nuts," Mr. Murdoch told The New Yorker last year. "It's not worth it."

The main thing this dispute revolves around, of course, is business. The fact is that Time Warner and Mr. Murdoch's News Corporation do a huge amount of business with each other. In Britain, Asia and Latin America, Mr. Murdoch has control over satellite broadcast systems, just as Time Warner controls cable in much of New York City. Time Warner wants to sell its "product" for those systems, much as Mr. Murdoch does. Most analysts predict that there will be a resolution of this fight based on a mutual financial arrangement of staggering proportions. Political pressure and fear of public embarrassment may force the deal to be struck earlier or more advantageously to Mr. Murdoch than it might otherwise have been.

If only the spectators — the viewers in New York City — could share in the wealth that they are fighting over.

The New York Times 10·4·96 Public Access

City Pressures Time Warner to Transmit Fox News Channel

By MARK LANDLER

The Giuliani administration has thrust itself into the middle of a rancorous dispute between Time Warner and Rupert Murdoch by asking for permission to carry Mr. Murdoch's new 24-hour news channel on a public-access cable channel the city controls.

Time Warner immediately rejected the request. But city officials said they were not ready to give up, raising the prospect of a showdown between City Hall and New York's dominant cable television provider, whose franchise agreement with the city is up for renewal in 1998.

The city's unusual request came in a letter and several phone calls this week from Fran Reiter, the Deputy Mayor for Economic Planning and Development, to the president of Time Warner, Richard D. Parsons. City officials said they were supporting Mr. Murdoch's efforts to promote his fledgling news channel because it would mean jobs for the city, but experts said the city's involvement raised a host of legal questions.

Time Warner recently refused to carry the Fox channel, which is to debut on Monday, on its 1.2-million-subscriber New York City cable system, instead backing a rival service owned by NBC, a unit of General Electric and the Microsoft Corporation. The News Corporation has threatened to retaliate by refusing to carry some Time Warner's programming services on its television networks.

After a reporter inquired yesterday about the city's request, Time Warner issued a terse reply, saying in a letter to Ms. Reiter that such an arrangement would violate both Federal law and the terms of the company's agreement with the city. "It is therefore a request we cannot and will not consider," said the letter, which was signed by Peter R. Haje, the company's general counsel.

But city officials insisted last night that their request was legitimate and said they would meet today to consider their next move. The dispute

Continued on Page B4

Michelle Marsh

John Johnson

WCBS and the Ratings Game

The abrupt dismissals of seven anchors and reporters from WCBS-TV not only shocked industry colleagues and viewers, but also illuminated the intense pressure for ratings among television stations competing in the enormously lucrative local news market.

That pressure is especially strong at WCBS because the CBS network's new owner wants to see higher profits from its station in the nation's biggest market. In New York, Channel 2's 6 P.M. and 11 P.M. newscasts attract less than half the viewers of those on its network rivals.

Yet local news ratings depend on factors that are difficult to define, let alone control, including such evanescent qualities as the personalities of a station's key anchors or the jokes of its sportscaster.

Article, page B4.

Decoding Graffiti to Solve Bigger Crimes

Police Experts Identifying Gangs, Feuds, Drugs and Personal Signatures

... Mr. Nachman had will remain.

... Grover said. "Incidents involving 7-year-olds may be just part of one

... ones included a kiss, but they had upset one of the girls so much that her parents complained to

... it's about the principal. They made the decision. They now have a reason saying what they're saying. Well, why now?"

City Pressures Time Warner to Transmit Fox's News Channel on Public-Access Cable

Continued From Page B1

between News Corporation and Time Warner puts the Giuliani administration in a delicate political situation since both Mr. Murdoch and Mr. Parsons have been strong supporters of Mayor Rudolph W. Giuliani.

In her letter, a copy of which was obtained by The New York Times, Ms. Reiter said the city felt obliged to act because the News Corporation recently agreed to maintain its United States headquarters and base its news channel in New York, which would generate 1,475 new jobs.

But she said the company had informed the city that it "could no longer guarantee the creation of these new jobs" if the Fox News Channel was not carried by Time Warner.

Several communications lawyers said yesterday that the city's request could run afoul of Federal law. The Cable Act of 1984 prohibits city governments from using public-access channels for commercial programming and also forbids municipalities to impose any programming requirements on cable operators.

"I would tend to think this won't fly," said one prominent communications lawyer, who declined to be identified. "It looks odd to have a government channel being used for openly commercial purposes."

Ms. Reiter was on vacation in Scotland yesterday and could not reached for comment. But her chief of staff, David Klasfeld, said, "In a city as large as this, it's important there be as many major sources of news coverage as possible."

Howard Rubinstein, a spokesman for Mr. Murdoch, said Mr. Murdoch would have no comment.

Mr. Klasfeld said the city could not order Time Warner to grant its request. But the company clearly would prefer to avoid a battle with the city over the issue, especially given that its franchise agreements are up for renewal in 1998.

As part of its franchise agreement with Time Warner, New York City has access to five channels in the upper range of the television dial, which are known collectively as Crosswalks. The channels show a mix of educational programs from the City University of New York, City Hall news conferences, and information about public events. There are no ads.

In her letter, Ms. Reiter proposed placing the Fox News Channel on one of those channels. The News Corporation would pay the city for access to the channel and give unspecific support to other Crosswalks channels. In return, it would be allowed to carry commercials.

The News Corporation has said that gaining cable distribution in New York City was vital to the future of its channel. The two other national news services — CNN and MSNBC — are both distributed in New York City on Time Warner's system.

Executives at the News Corporation said the company had enlisted the city's help in persuading Time Warner to reverse its decision. These people, who declined to be identified, said the company had pointed out to city officials that CNN was based in Atlanta and MSNBC is in Secaucus, N.J. Mr. Murdoch, on the other hand, has built a large studio for the Fox News Channel on the ground floor of an office tower in midtown Manhattan.

"Rupert could very well pull this network out of Manhattan, and put it in Secaucus, where MSNBC is," one executive said

In the same week that Time Warner rebuffed Mr. Murdoch's channel, it agreed to double MSNBC's distribution. MSNBC is jointly owned by NBC and Microsoft.

That decision angered Mr. Murdoch, who had reportedly offered to pay Time Warner $120 million for access to the company's 1.2 million subscribers.

After Troubled Past, Javits Center Is Luring Back Trade Shows

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Ruby Washington/The New York Times

At the Javits Convention Center yesterday, State Comptroller H. Carl McCall, left, released an audit lauding the center's new executives. He was shown around the center by its president, Robert E. Boyle, center.

unions at the center were also plagued by mob influence, investigators said. Mr. Boyle contended that under a new system of work rules, he had succeeded in expelling the mob.

Some show organizers and exhibitors said privately that they were not entirely convinced of that, asserting that the center would have to remain vigilant against organized crime.

Many of the largest organizers said that despite the lingering difficulties, they were pleased with the new management, adding that their biggest concern now was finding enough space at the center.

"Not only have things gotten better, but things are perceived to have gotten better," said David Larkin, a vice president at the Larkin Group, which produces 11 shows a year at the center. "The Governor's administration has been 100 percent successful in exorcising any kind of corruption or crime going on there. There was not a Band-Aid put on. There was an amputation."

Some exhibitors estimated that their costs had dropped about 10 percent — not as much as the up to 40 percent that Mr. Pataki had promised when he appointed Mr. Boyle but enough to encourage them to return. They emphasized that just as important as the cost was the new tenor of the place.

"I thought at one point that we would never go back," said Mark Alexander, owner of Peyote Bird Designs in Santa Fe, N.M., which sells jewelry and mounts exhibits around the country. "But the unions have

"Before, people pushed us for bribes, people wanted tips," he added. "It was corrupt. Now, nobody has their hands out. They are not fleecing us for the charges as much as they used to. And having the state police walk the halls is a good addition as well. It is good evidence that there is a new attitude."

Officials of the teamsters' and carpenters' unions, which provide many of the workers at the center, did not return repeated telephone

how much is paid since many of the workers are now state employees. The old rules, which required the exhibitors to negotiate directly with the unions, were widely viewed as allowing the unions to gouge the exhibitors.

Mr. Boyle came under fire when Mr. Pataki appointed him last year because he is a close friend of the Governor who did not have experience running a business as large as the center. But ...

put in by Mario M. Cuomo when he was Governor, there had been patronage, lax security, poor controls on the convention center's property and conflicts of interest involving center officials. "The problems have been solved and they are back on the right track," Mr. McCall said.

Mr. Boyle said he had spoken to Mr. Pataki about adding space to the center, a glass complex that was opened in 1986, and was confident that the Governor would support such a plan.

"I believe that he would stand behind an expansion of the Javits center, if in fact the industry and the city want to expand it, and I think that is the case," Mr. Boyle said.

Mr. Boyle also said he would continue to lobby the Legislature to pass a bill that would give the center new authority to license its workers. It would then have the ability to run extensive background checks to determine whether the employees have links to organized crime.

Mayor Rudolph W. Giuliani has instituted similar procedures in his attempts to remove mob influence from the Fulton Fish Market in Manhattan, which the city runs.

Mr. Giuliani does not play a role at the convention center, but he had spoken out about the need to revamp it before Mr. Boyle's appointment. Yesterday, a top aide, Randy M. Mastro, the Deputy Mayor for Operations, declined to comment on any proposed expansion.

"We have not taken a position on it," Mr. Mastro said. "But we are ...

House Is Expected to Push For Radical Deregulation Of Telecommunications

By DANIEL PEARL
Staff Reporter of THE WALL STREET JOURNAL

The debate over how far Congress should go to revamp the nation's telecommunications system is about to get sharper as action moves to the House from the Senate.

House Speaker Newt Gingrich is pushing for more radical deregulation. Hours after the Senate's 81-18 vote Thursday approving a bill to overhaul telecommunications law, the Georgia Republican told advisers and industry representatives he wanted to remove regulatory language from a House bill before it reaches a vote, people familiar with the talks say. Conservative Republicans argue that less regulation means quicker development of new consumer products and lower costs.

Already, the House bill goes further than the Senate bill in lifting rate regulations for cable-TV systems and ownership restrictions for broadcasters. Among other things, Mr. Gingrich's likely changes would give owners of TV and radio stations more control over the radio spectrum they use to transmit their signals.

The Clinton administration is pushing hard in the other direction, warning that if deregulation goes too far, the result could be higher cable-TV rates and greater media concentration. In a speech Friday, Assistant Commerce Secretary Larry Irving chided black and Hispanic media representatives for not lobbying the Senate against provisions that would let big companies buy more TV stations and an unlimited number of radio stations.

"If you're not worried about changes in multiple-ownership rules, you should be," he said, because small, minority-owned stations would be competing against more big station groups for advertising dollars.

Some consumer advocates are already asking President Clinton to veto the telecommunications bill. White House officials say it's too early to make that decision, and they're faced with the reality that only 16 Democratic senators voted against the bill. But votes over key amendments were much closer; White House and Democratic senate aides say Democrats could block a final bill from passing Congress if the House's influence pushes deregulation too far.

The issue should come to a head quickly. A modified bill could reach the House floor as soon as next week. "We're trying to accelerate the timetable," Rep. Jack Fields, chairman of the House telecommunications subcommittee, said Friday. The Texas Republican confirmed that the bill would become "more deregulatory," but declined to elaborate.

The seven regional Bells will almost certainly like the revisions, though. They have been withholding support from the House bill because of an extra burden the bill imposes on them before they can sell long-distance service: showing that they have competitors, with their own switches, selling "comparable" local phone service. The Bells worry that means they would have to have competitors for residential phones, something that could take years to happen even in the biggest cities.

On Friday, BellSouth Corp. Chief Executive John Clendenin met with Mr. Gingrich. Though BellSouth won't comment, people familiar with the situation say Mr. Gingrich has committed to removing or toning down the requirement. Mr. Gingrich's aides didn't respond to questions

Please Turn to Page B10, Column 6

How the Telecommunications Bills Compare

PROVISION	SENATE	HOUSE
CABLE TV	Lifts rate curbs for systems that don't charge "substantially" more than the national average.	Lifts rate curbs for all systems within 15 months.
BROADCASTING	Raises national TV-station ownership limit to 35% of the population from 25%. No change in local limits. Requires violence-blocking circuitry in every television.	Raises national TV-station ownership limit to 50%. Allows a company to own two stations in a market. No violence-blocking language.
LONG-DISTANCE PHONE SERVICE	Allows a Bell to sell long-distance after showing it has opened the way to local competition.	Also forces a Bell to show it has a local competitor offering services "comparable in price, features and scope."
INTERNET	Makes it a crime for on-line services or users to transmit indecent material without ensuring minors don't see it.	Requires a government report on ways to screen sexually explicit material.
LOCAL PHONE SERVICE	Requires a local phone company to sell its services to competitors, but doesn't spell out prices. Full local-toll competition is allowed in states that have already ordered it and in sparsely populated states.	Requires that local service be sold at "economically feasible" rates. Full local-toll competition can start only when a Bell gets long-distance entry.
SATELLITE DISHES	Allows cities to tax direct-broadcast satellite services.	Prohibits local taxation.

Buick Confronts Its Fuddy-Duddy Image

By GABRIELLA STERN
Staff Reporter of THE WALL STREET JOURNAL

It isn't much fun being a Buick dealer nowadays

Give the Board Fewer Perks, A Panel Urges

ause, Dakin Are Expected to Merge Prelude to Initial Public Offering

By JOSEPH PEREIRA
er of THE WALL STREET JOURNAL

: Inc. and Dakin Inc., two toymakers with strong links to nd Wall Street, are expected to ı agreement to merge in antici- ı initial public offering early

e proposed terms, Applause—a ıals maker controlled by four ent firms – will acquire Dakin swap. Both companies make ınd are poised to capitalize on ; summer's expected film hits. greements to sell characters tertainment industry is one of growing segments of toy sales.

bined company, to be named ıterprises Inc., is expected to blic as early as January. The ny will be controlled by the investors that now own Ap-

stors were brought in during s when Applause floated a $100 ı-yield bond that matured in as converted to equity. They oil Capital Investors L.P., led ney Co. Vice Chairman Roy E. ancier Leon Black of Apollo ; venture capitalist Alan Pa- l Lawrence Tisch's Loews

Enterprises – with revenues exceed $150 million in 19… – ively small, but analysts are vith its licensing lineup. Both companies are based in Woodland Hills, Calif.

Applause Inc.'s chairman and chief executive, Melvin Gagerman, and its president, James Klein, will retain their titles in the new company. Dakin's chairman and chief executive, Bob Solomon, will consult to the merged concern and will be a major shareholder.

"Between the two companies, we will have [characters from] the top four summer blockbuster movies," Mr. Gagerman said. These are Universal Studios/Amblin Entertainment's "Casper"; Paramount Pictures' "Congo"; Warner Bros.' "Batman Forever"; and Walt Disney Pictures' "Pocahontas."

The two companies planned to continue with their previous strategies of playing to the high-end market, selling in F.A.O Schwartz stores, department stores and novelty shops, and staying clear of the tougher, low-priced market dominated by Toys "R" Us Inc. and Wal-Mart Stores Inc., said Dakin's Mr. Solomon.

Dakin, known as a pioneer in the mass-marketing of teddy bears and plush toys made in the Far East, is one of the industry's most-established names. But Mr. Solomon said it was difficult competing in the consolidating toy industry, in which the big toy companies continue to get bigger.

Mr. Solomon said he approached Applause, which he once headed, about a possible merger two months ago. The deal is expected to be completed in about two months.

k Is Struggling Under Image Fuddy-Duddy Kind of Car

tinued From Page B1

oving in Buick's direction, and ways be customers who want ervative, domestic sedans. In- s playing up its middle-Amer- onald Zarrella, GM's new top hief, says Buick dealerships a distinct "country club" feel

., Buick's top executive, says king some minor changes to ghtly younger clientele. It is some of its dinosaur models

t…"

The question is whether, minus radical change, Buick will make the kinds of cars that people now in their 30s and 40s will buy when they reach their 50s and 60s. Mr. Braley, the dealer in Oregon, remains upbeat despite his growing inventory and slow sales. He admits that "the Buick isn't a trendy car." But, he says, Americans "mature to Buick."

Not everyone inside Buick is sure. "How many of the baby boomers are we going to capture," asks a manager. "If

House Bill to Take More Radical Steps Toward Deregulation

Continued From Page B1

late Friday.

Also agitating for less regulation are a group of conservative House freshmen and a group of conservative think tanks led by the Progress and Freedom Foundation that last month recommended eliminating the Federal Communications Commission. Among other things, the think tanks have been pushing for changes that would give TV and radio stations ownership of their channel space, instead of having to get licenses from the FCC and keep showing that they're broadcasting "in the public interest." Mr. Gingrich may push for less-frequent license renewals.

The House bill "will be substantially more deregulatory than the Senate bill," says Jeffrey Eisenach, president of the Progress and Freedom Foundation and a close associate of Mr. Gingrich.

Other obstacles remain for the attempted rewrite of communications laws. One is long-distance telephone companies, which are still pushing for the Justice Department to have a role in deciding whether a Bell company can sell long-distance service. The White House is on their side, saying that if the Bells end up re-creating the kind of telephone monopoly that existed before 1982, it will be much harder for the Justice Department to act. Republican leaders may disagree, but they haven't decided how to deal with a bill the House Judiciary Committee passed that includes a Justice Department role.

Also complicating matters are the Senate bill's restrictions on Internet pornography and television violence. The House Commerce Committee managed to squelch both those issues. But they are likely to resurface on the House floor and to rouse the interest of average Americans who have barely followed the telecommunications debate until now.

"There's a lot of emotion attached" to the issues, says Thomas Tauke, a former congressman who heads Nynex Corp.'s Washington office. "If there was something that could untrack [legislation] now, I think that may be it."

Reno Air May Traffic Increased

RENO, Nev.—Reno Air said May traffic climbed 18% to 155.2 million revenue passenger miles, from 131.3 million a year ago. A revenue passenger mile is one paying passenger flown one mile.

CHARLES E. SHELTON, *V.P., Circulation Sales*
DAVID A. THURM, *V.P., Production*

NYT 8/2/95

Media Mergers

The self-congratulation attending the merger of Walt Disney and Capital Cities/ABC has not left much need for anyone else to comment, but there are some things to like about the deal. Michael Eisner of Disney wants quality cartoons and other children's programs on Saturday morning, upgrading the broadcasts aimed at an audience that the networks resolutely assault with trash.

The manner in which Mr. Eisner and Thomas Murphy of Capital Cities/ABC conducted negotiations was also refreshing. They completed the deal with minimal input from extraneous investment bankers and without the barrage of trash talk that often attends such purchases. Compare that record with the boisterous rumors that swirled around yesterday's announced purchase of CBS by Westinghouse, or Viacom's takeover of Paramount.

But for most Americans, the style of the deal is less important than understanding the forces that are shaping the communications marketplace. Such an understanding, in turn, should compel Congress to study and manage what is going on rather than adopt a simplistic formula for deregulation that gives birth to the electronic equivalent of industrial-age monopolies. As one of Disney's new employees, Jeff Greenfield of ABC, warns, the outcome should not simply be "more choices, fewer voices" — that is, a wider selection of programs from a tightening circle of mega-corporations.

There is nothing intrinsically wrong with having big, vertically integrated companies if the diversity of the communications is maintained. Indeed, the spate of recent media mergers has flowed in part from a welcome change in Federal rules.

Networks have largely been prohibited from producing or syndicating their own shows. These rules might have made sense when the networks dominated television viewing and Congress feared they would use their might to squash independent producers. But as America has turned to cable, satellite services and home rentals, the market share of each network has fallen below 15 percent. Finally Washington noticed, and recently loosened syndication rules, making it possible for ABC to syndicate programs it would take from its partner, Disney.

What threatens consumers is what the Republicans are cooking up on Capitol Hill. The House telecommunications bill, which could be voted on this week, would for the first time allow a single company to buy a community's newspaper, cable service, television station and, in rural areas, its telephone company. That threatens to hand over to one company control of the community's source of news and entertainment.

The threat to consumers follows from Congress, not from Mr. Eisner or Mr. Murphy. Under existing rules, media companies would not be permitted to control a community's news and entertainment outlets. They could own television stations, cable operators and regional phone companies in addition to film studios. But a single company could not own all of these services in any one community. Under the House bill, media companies could create local video monopolies. For the moment, Congress is scarier than the dealmakers.

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W. Post 8/3/95

media mergers

Media Marriages

WHEN MEDIA companies merge, two questions of public interest immediately arise. The first is whether competition is being diminished and the sources of news, entertainment and advertising are being narrowed. Another is whether diversity of expression will be limited by the new conglomerate, and a uniform political viewpoint imposed on the great variety of information that it brings to those who watch and read. Both of those issues are raised by the media marriages of the past two days and will continue to be a matter of concern. But on the evidence so far, it's hard to make the case that either of them threatens present standards. Technology is creating new channels of communication faster than the deal-makers can take control of them.

Walt Disney Co.'s agreement to buy Capital Cities/ABC Inc. creates an extraordinarily powerful new corporation. Disney's immense success in producing entertainment is now joined with a company that runs, among other things, the television network currently leading the ratings. The idea is vertical integration—that is, an organization capable of creating programs and distributing them by many routes, including conventional film, broadcast television, cable television and telephone.

Westinghouse Electric Corp.'s announcement that it will buy CBS Inc. is somewhat less interesting, since Westinghouse is already in the broadcasting business. CBS has lost strength in recent years, and the purchase is intended to bring both companies the benefits of expanded size.

Both of these deals are possible only because of the current relaxation of longstanding federal restrictions. The Federal Communications Commission is in the process of dismantling the rules limiting the programming that a network was allowed to produce. Congress is at work on legislation that would lift the number of broadcasting stations one company is permitted to own. Those political decisions in turn reflect the enormous expansion of the number of channels available through cable and satellite and the expectation that the telephone companies will shortly begin to provide cable video.

While the legal definitions of monopoly are related only to the American market, the huge new enterprises constructed by these deals are being designed for worldwide competition. Movies and television programming have been for many years major American exports, and the race is now on to see who will control the crucial channels of distribution. In electronic information and entertainment, as in much else, the relevant market is now the world.

Right Act, Wrong Villains

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Communications companies make up the fastest growing industry in the United States. They have now almost completely ingested the country's news organizations. Because these new communications corporations are so dependent on Government decisions, they are actively involved in lobbying for and buying Government favors.

According to the Center for Responsive Government, the communications industry was the sixth largest contributor to the candidates in the 1994 elections. The industry contributed nearly $10 million directly to political-action committees.

As they seek to buy favorable treatment in law, rules and regulations and to win Government contracts for their manufacturing divisions, these corporations have become supplicants of the very institutions whose behavior they must objectively monitor if their work is to be of any value to the public.

There is a basic fact about the free-market system. The market is governed by the logic of economic self-interest. Public affairs journalism is by definition concerned with the broader interests of a civic society. These latest mergers will drive two more press organizations deeper into a world dependent for its well-being upon the decisions of governments here and abroad. A passion for good old-fashioned journalism could hardly find a more discouraging atmosphere within which to try to survive.

But in the end, the most important factor that can warm the passion for journalism is the commitment from the top of the news media corporations. The owners of The New York Times, Washington Post and Boston Globe risked Federal prosecution to provide readers with the analysis of the Vietnam War contained in the Pentagon Papers. And there is the example of a few Southern newspaper owners who, at great economic cost, encouraged full and objective coverage of the civil rights movement.

That is certainly not the sort of message Charles Gibson got when he tried to interview the men at the top of America's biggest new media conglomerate. □

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Liberties

MAUREEN DOWD

Mickey Mouse News

WASHINGTON

When I was little, the world was Disney.

I spent hours in front of the TV set with Annette, wearing my mouse ears and clutching a red leatherette purse stuffed with Milky Ways. I also helped my brother, who had a serious case of Zorro-envy, scratch Z's with a screwdriver on every mahogany surface in the house.

When others moved on to Mick Jagger, I was still lip-synching with Hayley Mills. When others wallowed in the angst of Holden Caulfield, I was luxuriating in "The Parent Trap."

It was a small world after all, of comforting certainties: Some day my prince would come, high-ho, high-ho, if I whistled while I worked and avoided highly polished apples.

So, needless to say, I was thrilled to learn the other day that I will once again be able to see the world through Disney's eyes.

The ABC anchors and reporters were jittery when they learned that Disney had gobbled their network. They were thinking deeply, I'm sure, about journalistic integrity. Interviewing Thomas Murphy and Michael Eisner on "Good Morning America," an edgy Charlie Gibson blurted: "I never thought I'd work for a guy named Mickey."

The return of innocence.

But Disneyland will be no culture shock for Charlie Gibson and Joan Lunden. They're already in The Happiest Place on Earth. (Ms. Lunden, who does ads for hand lotion and milk, seems to know she is more Snow White than Walter Lippmann.)

Besides, why would Mr. Eisner meddle with ABC's news stars? He understands the allure of an idealized universe filled with bland men with chiseled features and deep voices and pert women with wasp waists and great hair, a Wonder Bread world devoid of fat and wrinkles and split ends and plaque, a place where big heads bob reassuringly and people call each other by their nicknames.

For some Republicans who cherish nostalgic visions of returning America to the 1950's, this is not a merger, this is a miracle. They are delighted with Mr. Eisner's promise to make the giant new conglomerate reflect "what this country stands for." (Davy Crockett, C.E.O.) Others are worried that this deal — followed by the much less glamorous merger of CBS television with other household appliances — raises troubling questions:

What about Disney's penchant for simulation and sanitation — better to go to a faux Civil War fort in Virginia than visit the real thing?

What does Mr. Eisner mean when he talks about promoting "a Disney environment" at ABC? Will he want ABC employees to follow the same appearance guidelines that the Disney amusement park workers have? The rules, which sound like a cross between Ross Perot and Donna Reed, require men's hair to be cut above the collar and ears, with no beards or mustaches. (Get me Dave Marash.) Women are forbidden to frost or streak or use false eyelashes, eyeliner or eyebrow pencil; fingernails can't pass the ends of the fingers, and undergarments must be "appropriate." (When, Mr. Eisner, are they not appropriate?)

What will happen when ABC and Disney begin plugging each other's shows and promoting each other's events? Will Brit Hume do his White House standup on a toadstool? Will Pocahontas be the hot forensic babe in Jimmy Smits' precinct on "NYPD Blue"? Will Ted Koppel explain to the nation the precise scientific meaning of flubber? Will Cokie Roberts be mistaken for Cruella DeVil? Will Grumpy turn up with a Prozac overdose on "General Hospital"? What will George Will look like animated?

Mr. Eisner said he would not act like a wicked stepmother and put the sin back in synergy. He says that he's not interested in using cable and phones to dominate the marketplace and drive out the little guys. He insists that capturing the nation's computers interests him less than capturing the nation's imagination.

Now, isn't that comforting, Mouseketeers?

Are we ready? Let's all sing.
"M-O-N . . ."
N stands for Network!
"O-P-O . . ."
Oh, isn't power fun?
"*Add an L and a Y.*"
Why? Because we're greedy! □

William Safire and Thomas L. Friedman are on vacation.

Big Deals, With Journalism Thrown In

By Bill Kovach

NANTUCKET, Mass.

As the news about the mergers that are reshaping the television news industry continues to tumble out, public affairs journalism seems to have been swept away by America's new mania for corporate bigness.

Few of the early accounts of Disney's deal with Capital Cities/ABC and the sale of CBS to Westinghouse Electric have made more than passing references to the implications latent in these mergers for the future of independent news gathering.

But there are dangers. Among them is the degree to which the emerging corporate structures will smother what remains of a passion for public affairs coverage in the corporate news divisions.

There was a breathtaking glimpse of the future on Monday when Charles Gibson, co-host of ABC-TV's "Good Morning America," interviewed Thomas S. Murphy, the chairman of Capital Cities/ABC, and Michael D. Eisner, the Walt Disney chairman — his present and future bosses. Mr. Gibson tried to raise the question of the impact of the merger with the entertainment giant on the high-quality journalism at ABC-TV.

Mr. Murphy, without missing a beat, asked Mr. Gibson if he wasn't proud to be a member of the Disney family. Mr. Gibson struggled to keep the conversation on an objective level that might be of some real value to the viewers. Mr. Murphy noticed his discomfort with the question and joked about it with Mr. Eisner. Mr. Gibson may have thought his role was that of an objective journalist. His bosses made it clear that their interest tended more toward entertainment than information.

Bill Kovach is curator of the Nieman Foundation for Journalism at Harvard.

The trend is not new. For the past decade and a half, journalism has been slowly squeezed into a smaller and smaller corner of the expanding corporations that make up the communications industry. The values and norms of journalism have been steadily eroded as corporate managers order news divisions to produce more "infotainment" programs.

This leads to programs like the recent Diane Sawyer interview on ABC's "PrimeTime Live" with Michael Jackson that was tied to the release of a new video with which the network hoped to be associated in the minds of the elusive youth market. Such programming increasingly draws resources away from the discovery and pursuit of important material for the evening news broadcast.

Though the trend is not new, with the Disney-ABC merger the threat to a form of journalism that serves the interests of a self-governing people crosses a new threshold.

Even with the best of intentions, owners and managers are influenced by the fact that they now preside over a corporation that, by the simple act of merger, has drastically reduced the proportionate importance of the news department. An already diluted pool from which the values of journalism will be drawn has been reduced to peripheral importance in corporate decisions. ABC's news division will now have to compete with the enormous energy of Disney's entertainment productions in a company in which ABC's value as an outlet for entertainment is paramount.

One important advantage that television news departments have had is the relatively low cost of production of news compared with entertainment shows. But the marriage of Disney's entertainment production company with ABC's worldwide transmission system changes that relative position.

Will the new media monoliths favor infotainment over hard news?

Because of the opportunity to cycle and recycle Disney's cartoons and movies worldwide, the per unit production costs of these entertainment packages will be substantially lowered. More important, news neither keeps nor travels particularly well, but Mickey Mouse goes on forever and is welcome everywhere.

And there is another force at work, best represented by the proposed merger of CBS and Westinghouse, that should cause worry. This rush to merge mainly entertainment organizations that have news operations with companies deeply involved in doing business with the Government raises ominous questions about the future of watchdog journalism.

Communications companies make up the fastest growing industry in the United States. They have now almost completely ingested the country's news organizations. Because these new communications corporations are so dependent on Government decisions, they are actively involved in lobbying for and buying Government favors.

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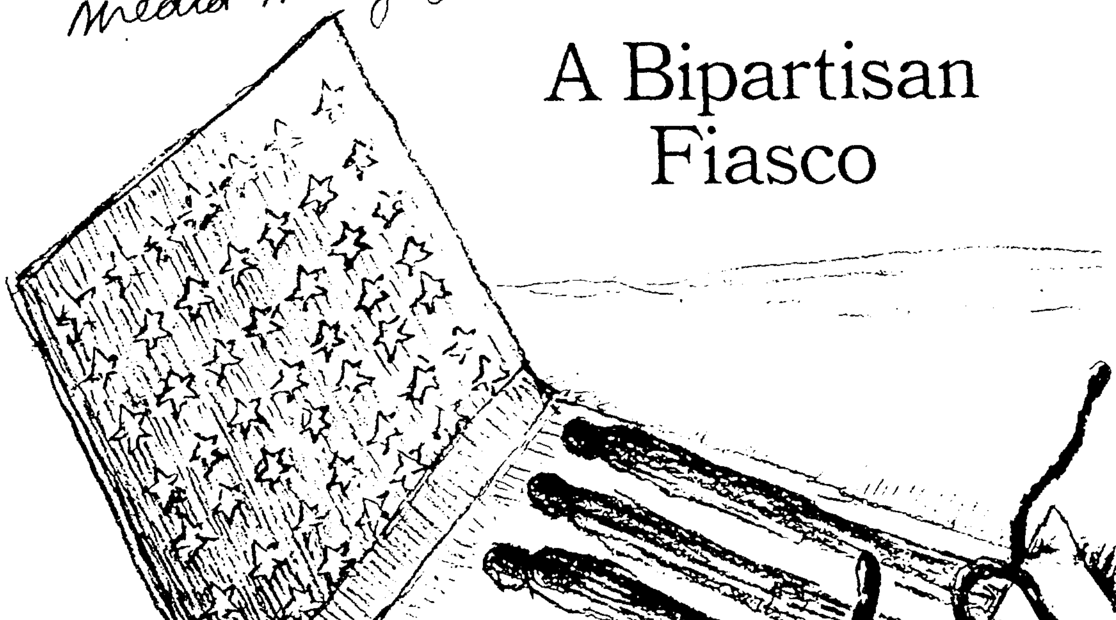
But in the end, the most important factor that can warm the passion for journalism is the commitment from the top of the news media corporations. The owners of The New York Times, Washington Post and Boston Globe risked Federal prosecution to provide readers with the analysis of the Vietnam War contained in the Pentagon Papers. And there is the example of a few Southern newspaper owners who, at great economic cost, encouraged full and objective coverage of the civil rights movement.

That is certainly not the sort of message Charles Gibson got when he tried to interview the men at the top of America's biggest new media conglomerate. ☐

Media Mergers

A Bipartisan Fiasco



POLITICS & POLICY

media mergers

Media Consolidation Has Left and Right Worried About Big Firms Gaining a Lock on Information

By DANIEL PEARL
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON – What makes both liberal Jesse Jackson and conservative Bill Bennett nervous? Big media.

Amid a wave of media-industry combinations, a lot of people are feeling uneasy. **Walt Disney Co.** plans to acquire **Capital Cities/ABC Inc. Westinghouse Electric** Corp. is buying **CBS Inc.** And now **Time Warner Inc.**, the second-largest operator of cable-television systems, is in talks to buy **Turner Broadcasting System** Inc., the country's largest cable TV programmer.

If the companies involved were in the steel or chemical business, antitrust experts say, they'd give little cause for concern. None of the combined new companies will have a sufficiently large share of any market to raise traditional antitrust worries.

William Bennett

But when it comes to news and entertainment, some people believe there should be a different standard. The acquisitions are largely attempts by producers to lock up distribution channels. Critics worry that will give a few big companies a lock on the information people receive.

"We're evolving into a pattern in which a relatively small number of huge firms control every step in every process in the mass media," says Ben Bagdikian, former dean of the University of California at Berkeley's Graduate School of Journalism. He says that will re-create what happened before World War II when movie studios were allowed to own theaters. "You had to go to tiny theaters on university campuses to see films that weren't made by MGM and Universal," Mr. Bagdikian said. And he noted that cost-cutting after 1980s acquisitions gutted TV networks' news bureaus.

Before the acquisitions take place, federal antitrust officials and the Federal Communications Commission will have to wrestle with these thorny antitrust and public-interest issues.

Too Good to Be True?

While a merged Time Warner-Turner Broadcasting offers many potential advantages, the combination would be fraught with financial and management challenges. **Article on page B1.**

Defense of Mergers

Defenders of big media mergers say there is a plethora of ways to reach viewers, including satellite dishes, telephone wires and so-called wireless cable systems, not to mention at least three new broadcasting networks. As a result, competition will remain plentiful.

going to lock it up and make their cable captive to something other than what consumers want is going to be a company that goes out of business." Most lawyers don't expect either a Time Warner-Turner acquisition or the two network deals to face significant antitrust hurdles.

But they are clearly creating political issues.

This summer, concern about media concentration was a central part of President Clinton's threat to veto a telecommunications bill that would give companies freedom to own more broadcasting outlets. A final bill hasn't yet reached his desk.

This week, Mr. Jackson slammed the proposed media acquisitions as well as **Chase Manhattan** Corp.'s plans to combine with **Chemical Banking** Corp. The combinations, he said, are bad for minorities and jobs. His representatives met with Westinghouse officials yesterday and Mr. Jackson is considering launching legal and regulatory protests, as well as street demonstrations, against the flurry of acquisitions. "This is a legitimate 1995 and 1996 discussion," said Mr. Jackson, who is considering a third-party bid for the presidency.

Jesse Jackson

Liberal Concerns

Liberals fear concentration of media ownership in a few big companies will make it even harder to get alternative or controversial programming on the air. "We don't have a true diversity of voices," said Gigi Sohn, deputy director of the Media Access Project, a self-styled public interest law firm. A case in point: **Tele-Communications** Inc. is putting conservative cable programming on its systems but trying to force out a left-leaning cable service called the 90s Channel by charging impossible access rates, says John Schwartz, the 90s Channel's president.

A TCI spokeswoman said, "We're offering them the same deal" as any other programming service that's not 24 hours a day and isn't network quality.

Of course, if the Turner deal were to go forward as currently conceived, TCI's voting control of Turner would shift to Time Warner. That could cause heartburn among conservatives who have attacked Time Warner's news coverage as too liberal and its movies and records as too violent and sexually explicit.

Indeed, some conservatives aren't thrilled about media mergers. "The bigness bothers me," said Mr. Bennett, though he added that it's "a Madisonian point" rather than a comment on Time Warner's rap music, against which he ...

And average Americans, too, seem to be feeling a loss of control because of consolidation, according to Dave Iannelli, a Republican pollster and analyst with Coldwater Corp. His recent focus-group discussions focused on health-care and agriculture consolidation rather than media mergers, but the general issue "does make people very uncomfortable," says Mr. Iannelli.

For antitrust regulators, though, angst about the future is a hard thing to build a case upon. Antitrust law does allow them to take into account where markets are heading, but that's tough to discern amid all the rapid changes in communications.

In the case of Turner, potential opponents would have trouble showing Time Warner's control would give cable systems a stranglehold over too much programming, since Turner is already controlled by cable operators.

FCC rules require cable companies to give rivals access to programming under equal terms. And another rule prevents a cable system from filling more than 40% of its channels with programs in which it owns an interest. That would likely prevent TCI from keeping more than a 5% voting stake in Time Warner, which owns the HBO and Showtime cable services.

Steve Sunshine, who until recently was chief deputy to Anne Bingaman, the Justice Department's top antitrust authority, said it would be a mistake for the Justice Department to be tougher in media cases because of the desire for more voices in news and entertainment. "It may be that having a few large companies in the media business is bad social policy when under standard antitrust principles it's not," Mr. Sunshine said.

Not everybody thinks less competition would be a bad thing in television. Craig L. LaMay, a children's television advocate, says TV networks have served children worst when they've competed hardest for their attention. "The easiest, most profitable thing to do is go with a show made around a toy created by a toy company," he said. "Bigness and absence of competition isn't necessarily a bad thing for children." Indeed, some hope Disney's ownership of ABC will allow it to distribute more high-quality children's programming.

Peggy Charren, founder of Action for Children's Television Inc., isn't impressed with such arguments, though. She says big media groups have already shown they have little concern for educational television. "The more owners the merrier," she said.

—Viveca Novak and Edward Felsenthal contributed to this article.

WSJ
9/19

Review & Outlook

In the Public Interest?

Merger mania is raging again in the telecom industry. On the first pass, the phone companies mutated into new entities. Now it's entertainment: first, Disney-ABC, then Westinghouse-CBS, finally Time Warner-Turner. Meanwhile, the largest telecom outfit in the country, AT&T, voluntarily chose to get smaller. There's enough material here to keep B-school professors occupied until the turn of the century. For our part, we're content to marvel at the dynamic derring-do of media moguls paving the I-Way.

Alas, it's not in the nature of Washington bureaucrats to sit on the sidelines of a big game. So the Justice's Antitrust Division has run out onto the field to conduct an intensive review of the market's doings, especially the Time Warner deal. "Of all the media mergers that have taken place, this is the first that raises a serious antitrust problem," according to an anonymous government official quoted in the Journal. This problem is allegedly due to the overlap between the cable businesses of Time Warner and Turner and TCI (a large shareholder of the new company).

Let's see now: For starters, the Time Warner-Turner merger is being fiercely contested by other companies. US West, another Time Warner partner, is suing to block the proposed merger, even as it tries to cut deals with the television arm of several Baby Bells. Simultaneously, other shareholders are pressuring the main deal over the size of the compensation granted Ted Turner and John Malone. Amid this competitive blood sport, Anne Bingaman and a gaggle of lawyers will spend days and nights convincing each other that there is evidence somewhere inside that scrum of anti-competitive behavior. This is "in the public interest"?

The "trust busters" proceed on the assumption that, absent their intervention, the market may collapse into an oligarchy. There's a certain logic to this, since in mass media there are obvious advantages from consolidation in world-wide distribution and other areas. But weighed against this is the imperative for companies not to become so big that they become unable to respond to nimbler competitors. This concern apparently led Bob Allen to bust up AT&T. We prefer his theory to Antitrust's.

Even when companies decide to get bigger, as with Time Warner or Disney, that doesn't mean they're trying to "corner" the market. That assumption requires a pretty narrow definition of the "market." The telecom marketplace already includes competitors in telephony, cable, cellular, broadcast, satellite, the Internet, even utilities. It's far-fetched to think that any company, no matter how large, could possibly gain, much less maintain, a monopoly. The business merits of some of the mergers are indeed open to question; even most participants admit the wired future they're betting billions on is just an educated guess. But they're certainly not illegal.

That said, it's more troubling in some ways to see the odd relationship that persists between the private competitors and their federal regulators. FCC Chairman Reed Hundt has a long-standing concern about market forces overlooking, for example, children's TV. So the mergers are OK by him, but only if the companies agree to certain terms. In the case of Westinghouse and CBS, the chairman got an agreement to voluntarily air three hours of "educational" children's programming every week, a deal he would like to make standard.

We'd worry that such a mandate would undermine the very goal it seeks. If the fattest-cat companies toss lots of compulsory capital into children's TV programming, how are the Learning Channels of the world supposed to compete, or why should they even try? Any creative independent programmer that shows promise is sure to be bought and pushed into the big firm's bureaucracy.

It's hard, though, to work up much sympathy for the broadcasters. At the same time that they're protesting "public interest" programming requirements, the broadcasters are asking Congress for a multibillion dollar handout in the form of free spectrum allocated for digital broadcasting. The broadcasters' main argument? That they perform a "public service." Congressional Republicans, to their discredit, have caved in to their campaign contributors and decided not to end the broadcasters' entitlement.

It's easy to see how such large economic movement might set off fairly traditional instincts in public oversight agencies and the private players as well. And it's fine to have those matters aired out. For now, it looks to us as if consumers are sitting pretty. Untold billions are being committed to please them. If anyone at all is likely to get hurt in this free-for-all, it's some of the outsized corporate helium balloons now bumping down Broadway in the gaudiest media parade in history.

Too Close For Comfort?

BY NANCY CARPENTER FOR THE WASHINGTON POST

Media Giants' Bedfellowship Raises Questions About Competition

By Paul Farhi
Washington Post Staff Writer

When it comes to the media business, it's a small, small world and getting smaller all the time. Just ask Bill Bennett.

The former education secretary has been a vocal critic of Time Warner Inc.'s marketing of rap music and the violence and sex promoted by other media giants. But Bennett recently found himself working with the very people whose entertainment he loathes.

Bennett's best-selling compilation, "The Book of Virtues," was published by Simon & Schuster, which is owned by the same company (Viacom Inc.) that owns MTV, scourge of cultural conservatives everywhere. The book was a selection of the Book-of-the-Month-Club Inc., owned by Time Warner, which released Oliver Stone's "Natural Born Killers" movie and Ice-T's "Cop Killer" recording. A cartoon version of the book will be animated by a division of Rupert Murdoch's News Corp., which peddles bare-breasted women in its British tabloids and racy sitcoms ("Married . . . With Children") on its Fox network.

Hypocrisy? Bennett pleads innocent, saying he had no idea about the bloodlines of his business partners (not that he's canceling any of his deals now). "These companies are so big . . . it's hard to know anymore," Bennett said. "In this new world of communications, it seems like five or six companies control just about everything."

If only it were that simple. While megamergers such as Disney-ABC catch the public's attention, Bennett's entanglements illustrate a more complex phenomenon. Just beneath the surface of the major communications conglomerates—the Viacoms, News Corps. and Time Warners—lies a thicket of joint ventures, cross alliances and partial share holdings with other big companies. In the new media order, the big are not only getting bigger, they're also getting incestuous.

Call it *keiretsu*, American style.

As in the Japanese keiretsu system, in which a chain of companies (say, a bank, a manufacturer and a parts supplier) work together and own shares of one another's stock, U.S. media conglomerates are evolving their own models of cooperative capitalism. The aim, in both cases, is the same: to compete in, and perhaps conquer, an increasingly complex global market.

"These joint ventures are literally all over the map, across borders and across industries," said Eli Noam, a Columbia University professor who specializes in the economics of the media. "They have ended the notion of territoriality within business segments." Managers, he added, "used to try to eat the other guy for breakfast; now they're inviting him over *for* breakfast."

While competition in the telecommunications field is far from dead, it is getting harder to keep the players straight, even with a program:

- Are the cable TV and telephone industries racing against each other to provide the next generation of household communications services? These days, it isn't so cut and dried: Regional phone company Nynex Corp. owns a

See MEDIA, H9, Col. 1

Media Deals, Alliances Carry Cooperative Capitalism to N

MEDIA, From H1

$1 billion chunk of MTV parent Viacom; another Baby Bell, US West Inc., has its hooks into Time Warner to the tune of $2.5 billion; MCI Communications Corp. has sunk $2 billion into News Corp.; and Sprint Corp. is allied with the No. 1 cable company, Tele-Communications Inc. (TCI), and two other cable giants in a wireless phone venture.

■ Are cable programmers battling head to head with conventional "over-the-air" broadcasters? Yes and no. TCI is backing entertainment mogul Barry Diller's effort to create a new broadcast network. And TCI and Murdoch's Fox are pooling their resources for a worldwide sports channel—the better to challenge ESPN, wholly owned by the newly emergent Disney-ABC keiretsu.

■ What about cable vs. direct broadcast satellites? Even there, the new keiretsu approach holds. Rather than worrying about the threat to their core business posed by satellite companies, big cable companies may be quietly rooting for the new technology. The reason: six major cable TV firms own Primestar Partners, one of the three outfits providing direct-to-a-dish TV service.

■ Old-style mass communications vs. newfangled interpersonal communications? The distinctions here are beginning to disappear, too. NBC (mass) and Microsoft Corp. (personal/interpersonal communications) announced last month that they are teaming up on a $420 million cable news channel and complementary on-line service.

Or follow this bouncing ball: Time Warner (formed by the merger of Time Inc. and Warner Communications Inc. in 1989) is buying Ted Turner's Turner Broadcasting System Inc., which is partly owned by TCI; Time Warner, in turn, is part owned by Seagram Co., which owns the majority of MCA Inc., the giant book, record and movie producer, which is partly owned by Matsushita Electric Industrial Co.

When Is Big Too Big?

The creation of such elaborate corporate daisy chains, largely within the past three years, inevitably brings any discussion about them back to a social theme: When does big start becoming too big for the good of society?

Journalist tend to fret about the integrity and independence of news divisions that are owned by massive vested interests, while others worry about a more general threat to the "diversity of voices." Even Bennett, a conservative who is profiting handsomely from the cultural-industrial complex, is sympathetic to this line. "Any democrat, with a small 'd,' has to be wary of the concentration of power," he said. "When you're talking about the images, ideas, imagination and opinions of a country, more sources are better than fewer."

Yet while these concerns preoccupy antitrust officials—and the Turner-Time Warner deal is under the microscope at the Federal Trade Commission—another point is largely missed. Rather than dictating what you should think, media consortia are really being organized to influence what you should think *about*, said Andrew Blau, director of the communications policy project at the Benton Foundation, a Washington-based think tank.

"The power that accrues to these conglomerates and their allies is that they can direct your attention where they want it," Blau said. "People have more information than they can ever deal with right now. The really scarce commodity is your attention."

PARTNERS

SOME MAJOR PROJECTS LINKING U.S. COMMUNICATIONS, ENTERTAINMENT FIRMS

COMPANIES	SIZE OF DEAL	TYPE OF VENTURE
NBC, Microsoft	$420 million	Cable news channel, online service
MCI, News Corp.	$2 billion	Investment
Nynex, Viacom	$1.0 billion	Investment
US West, Time Warner	$2.5 billion	Investment
Sprint, TCI, Comcast, Cox	NA	Wireless phone service
TCI, other cable companies	NA	Direct-broadcast satellite TV
TCI, News Corp.	NA	Sports channel
Pacific Telesis, Nynex, Bell Atlantic	$300 million	Video program development
Disney, Ameritech, Bell South, Southwest Bell	NA	Video program development

SOURCE: Company reports

By Blau's reasoning, companies need one another to keep their customers' eyes from wandering. Thus, Fox promotes the joint MCI-Fox Internet service, which promotes Fox's TV programs, which promotes MCI long-distance phone service, and so on.

John C. Malone, TCI's visionary chief executive, once referred to this notion as "bundling." In Malone's conception, huge consortia of allied companies may someday be organized to provide all of a household's communications and entertainment for a single price, billed monthly. Rather than fear Big Brotherism, consumers would choose from among several competing bundles, Malone said. With each company in a group offering discounts and cross-marketing deals (a Dominos pizza and a free month of HBO with your America Online subscription?), the best keiretsu would win.

Some academics have doubts about this general approach. Columbia's Noam, for one, argues that today's sprawling media conglomerates already are too big to manage, and that cross alliances only add to the confusion and dissipation of management talent.

"Without generalizing too much," he added, "a lot of this is driven by a certain empire-building impulse. These deals are the product of big, ego-driven companies that revolve around a charismatic leader—the [Ted] Turners, the [Rupert] Murdochs, the [Michael] Eisners. And once one guy does it, it generates a bandwagon effect, even a lemming effect."

Keiretsu's Consequences

Analysts also note the irony that big media companies are embracing the keiretsu concept of giant, vertically integrated companies at the very time that system appears to be hurting Japanese companies. For example, Walt Disney Co. touts its merger with Capital Cities/ABC Inc. by pointing to the captive market ABC provides for the entertainment products produced at Disney studios.

Sounds synergistic, until you consider the difficulties faced in the 1990s by Japanese auto companies, which are locked into uneconomic relationships with suppliers that a part of the same keiretsu family.

What's more, an all-for-one a proach makes less sense when t market for communications servic is growing increasingly tight. Robe Picard, a communications profess who edits the Journal of Media E nomics, notes that personal spendi on media and telecommunications all kinds—from magazines to cel lar phones to movies—doubled fr 2 percent of personal disposable come to 4 percent in the past cade, a growth rate he believes ca be sustained.

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This is precisely what TCI, perhaps foremost among media companies, has been doing for years. Though usually described as a cable company, Denver-based TCI is actually something of a telecommunications venture capital firm. The company not only owns pieces of dozens of TV programming services (Discovery Channel, the Black Entertainment Television Network, the Family Channel, etc.), but its portfolio has expanded to include pieces of companies in virtually every aspect of electronic communications: broadcasting, satellite distribution, telephone systems, on-line services, software development and new hybrid technologies, such as a service that will provide data over high-speed cable TV links to the Internet.

Team Strategy

With so many demands on its limited capital resources, TCI can only hope to expand its presence by teaming up with other companies, said Peter Barton, one of the key architects of TCI's acquisition and joint venture strategy. He points out that even with $5 billion of annual revenue, TCI is still a relatively small player compared with the seven Baby Bells and the three leading long-distance phone companies, each of which generate more annual revenue than the entire cable industry.

For example, Barton said it would have been difficult for TCI to start an international sports channel on its own to challenge ESPN, which not only leads the business by a wide margin, but also has the backing of Disney-ABC's deep pockets. By teaming up with Murdoch, TCI gained a partner with an incomparable global satellite network, making it more practical to start a second sports channel.

Keiretsu or no, Barton has no illusions about who TCI's friends are. "On paper, we're partners with a lot of people," he said. But "those partners would just as soon dice us into meaningless flotsam [in other businesses] and watch us wash up on the shore."

PARTNERS

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SOURCE: Company reports

VOL. 8, NO. 6

MEDIA MONOPOLY: LONG HISTORY, SHORT MEMORIES

ABC WAS BORN OUT OF FEAR OF MEDIA CONSOLIDATION

BY JIM NAURECKAS

What's wrong with media mergers? A look at the history of **ABC**—the network that the Walt Disney Company is in the process of swallowing up—illustrates nearly every argument against consolidation of media ownership.

ABC can trace its origins back to 1919, when RCA, the Radio Corporation of America, was created by a consortium of General Electric, Westinghouse, AT&T and United Fruit. RCA and its allies controlled the patents for radio, and had a virtual monopoly until the alliance was declared to violate antitrust laws in 1932.

In the meantime, RCA had launched the **National Broadcasting Company (NBC)** which controlled two radio networks known as the Red and Blue networks. In order to reduce **NBC**'s overwhelming dominance of the broadcasting industry—which threatened to monopolize the embryonic television medium—the Federal Communications Commission ordered **NBC** to sell one of its networks. In 1943, the Blue network was sold for $8 million to Edward J. Noble—the conservative entrepreneur who invented Life Savers—and became the **American Broadcasting Company** (ABC).

In 1953, the **ABC** TV network, struggling in third place behind **NBC** and **CBS**, merged with the Paramount theater chain—itself a product of antitrust actions that separated the movie studios from their theater chains. The breakups in the film industry were necessary, according to the Justice Department, because if the producers of a media product like film also controlled the distribution of that product, then the public would be denied the free access to competing ideas envisioned by the First Amendment.

The **ABC**/Paramount Theaters merger raised similar objections—two FCC commissioners voted against approving the merger, saying that it threatened to create a "monopolistic multimedia economic power." (*Networks of Power*, Dennis Mazzocco)

> ### ENDLESS SUMMER
>
> ***JULY 17, 1995:***
> ***Word leaks of Westinghouse's plan to buy the CBS TV and radio networks for $5.4 billion.***
>
> ***JULY 24:***
> ***Gannett announces a takeover of Multimedia, adding 11 daily newspapers to the nation's largest newspaper chain, and giving the company that owns*** **USA Today** ***control of a total of 15 TV stations—not to mention the Phil Donahue, Sally Jesse Rafael and Rush Limbaugh TV talkshows. Price: $1.7 billion.***
>
> ***JULY 25:***
> ***Viacom agrees to transfer its cable systems, which serve 1.1 million subscribers, to Tele-Communications Inc. (TCI), the nation's largest cable operator, in a deal valued at $2.3 billion.***
>
> ***JULY 31:***
> ***Walt Disney discloses its plan to absorb Capital Cities/ABC, including the TV network, radio stations, cable holdings and publishing assets, at a cost of $19 billion.***
>
> ***AUGUST 30:***
> ***Time-Warner offers to acquire Turner Broadcasting Systems, which owns CNN, TBS, TNT and the Cartoon Network, at a price of $8.5 billion.***
>
> ***SEPTEMBER 23:***
> ***TCI, a major Turner stockholder, agrees to exchange its Turner holdings for Time-Warner stock, thereby becoming the owner of***

More successful protests were launched in 1966, when ITT, a multinational powerhouse and major military contractor, attempted a friendly takeover of **ABC**. Critics charged that ITT—which had financial interests in some 118 companies—would be tempted to slant the news to assist its international dealings. "A company whose daily activities require it to manipulate governments at the highest level is likely to be left with little more regard for a free and independent press...than for conscientious government officials," three of the seven FCC commissioners charged (*Tube of Plenty*, Erik Barnouw).

Nevertheless, a majority of the FCC board approved the merger, arguing that ITT owning **ABC** would be no different than the RCA conglomerate owning **NBC**. Commissioner Nicholas Johnson retorted: "To say that because RCA owned **NBC**, ITT must be allowed to acquire **ABC**, is to say that things are so bad there is no point in doing anything to stop them from getting worse." (*Tube of Plenty*)

Despite FCC approval, the Johnson administration's Justice Department asked the U.S. Court of Appeals to block the takeover to protect **ABC**'s journalistic independence. Faced with protracted litigation, ITT withdrew.

But a very different Justice Department existed in 1985, when **ABC** was bought for $3.5 billion by Capital Cities, a media company with a somewhat mysterious past—then-CIA Director William Casey was one of its founding investors. (Casey, in fact, may have actually held down the price of **ABC** stock at the time Cap Cities was acquiring it, by asking the FCC to strip **ABC** of its broadcast licenses in retaliation for negative reporting on the CIA—**L.A. Weekly**, 2/20/87.)

The way for the Cap Cities takeover was paved by the deregulation drive of the Reagan era. While networks could previously own only seven stations, under Reagan that number was raised to 12—allowing Cap Cities to combine the

ABC affiliates it owned with **ABC**'s owned-and-operated stations. (**ABC News**, for its part, contributed to Reagan's re-election in 1984 by censoring several reports exposing administration corruption—**Mother Jones**, 11-12/85.)

Under Cap Cities' management, **ABC**—like the other two networks, which also changed hands in the '80s—was under heavy pressure to cut costs and make its news operations profitable. By 1987, about 300 news staffers had lost their jobs—one-fifth of all employees there (*Three Blind Mice*, Ken Auletta).

The antitrust principles that broke up the radio trust, split up RCA's airwaves-dominating networks, severed the movie studios from their theater chains and blocked ITT from absorbing **ABC** are all but forgotten in Washington today. Warren Buffet, the billionaire investor who dominates **ABC**/Cap Cities, openly boasted that Disney's takeover of **ABC** is "a merger of the No. 1 content company with the No. 1 distribution company." (**L.A. Times**, 8/1/95) Where are the objections from the Clinton Justice Department, which is supposed to regulate against such anti-competitive alliances?

Disney, much like ITT, is a giant multinational corporation with interests around the world that will inevitably conflict with news decisions. Disney's Michael Eisner touted his vision of a world open to his company's bland, non-threatening fare: "There are many places in the world, like China, India and other places, that do not want to accept programming that has political content. But they have no problem with sports and they have no problem with the Disney kind of programming."

Is that the vision of broadcasting that is going to guide **ABC**? Eisner may have found the key to creating programming that is acceptable to dictatorships around the world, but he clearly doesn't understand the kind of media that a democracy needs. ❑

The Media Monopoly

Revised fourth edition of Ben Bagdikian's classic study of concentrated corporate ownership and its impact on media content. (274 pages, Beacon, 1992). Available from FAIR for $14 plus $1.50 shipping.

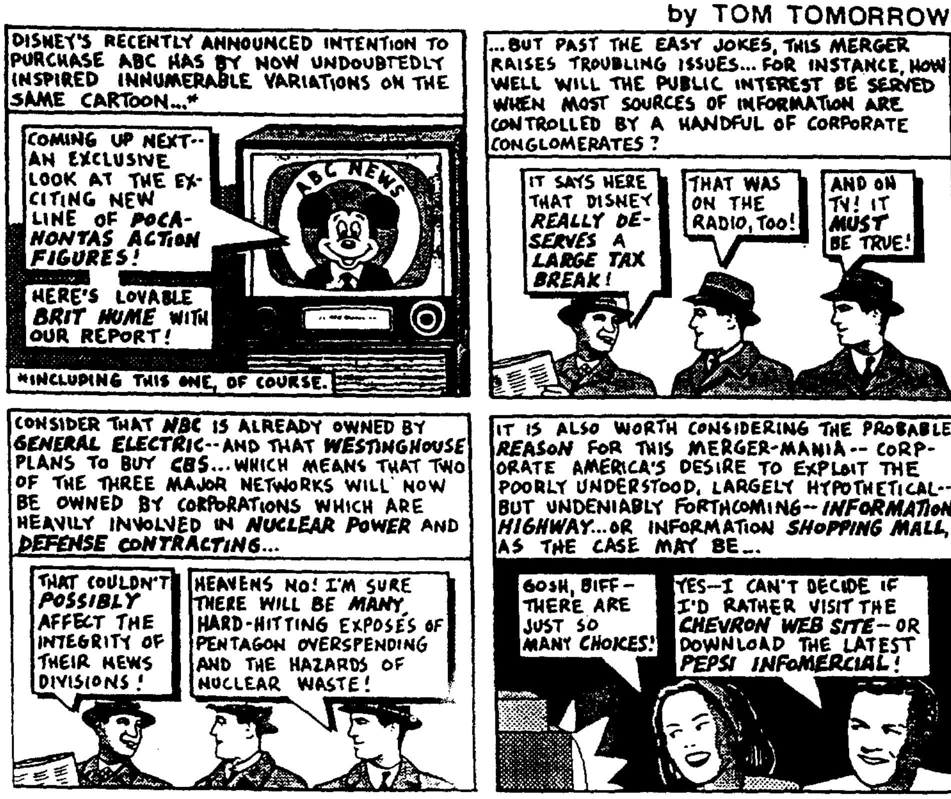
Guest Perspective

DEMONOPOLIZE THEM!

A CALL FOR A BROAD-BASED MOVEMENT AGAINST THE MEDIA TRUST

By Mark Crispin Miller

by TOM TOMORROW



In the years to come, critical histories of the media—if there are any published—will surely point to 1995 as the Year of the Great Meltdown. Rupert Murdoch's big gift from the FCC, Disney's grand ingestion of Capital Cities/**ABC**, the "courtship" of **CBS** by Westinghouse and then the vanishing of Ted Turner's empire into Time-Warner (the world's largest media corporation, for the moment) all indicate the onset of a new kind of "China syndrome"—i.e., the same bright garbage forever broadcast, published and/or released the whole world over, with dissident views and original voices simply disappearing from mainstream culture.

Of course, this impending cultural disaster is, according to the barons of the media trust, a utopian achievement. In 1989, Disney chair/CEO Michael Eisner, named "Adman of the Year" by **Advertising Age** (1/2/89), told that magazine what makes his octopus-like corporation beautiful: "The Disney Stores promote the consumer products which promote the [theme] parks which promote the television shows. The television shows promote the company. Roger Rabbit promotes Christmas at Disneyland."

At the press conference hailing Disney's merger with Cap Cities, Eisner likewise marveled that "the synergies go on and on," and Robert Iger, **ABC**'s president, seconded the CEO's millennial view: "We have plans to be in so many activities far and wide that the list is substantially longer than Mike is even aware of at this point."

Aside from its possible multiplying effect on Disney's bottom line, what, finally, will result from all those grandiose attempts "to be in so many activities"? As the readers of *EXTRA!* know very well, such concentration will tend to inhibit even further the investigative drive of all those news departments lately swallowed up by this or that gigantic advertiser—news departments that were no great shakes to start with, but that now will seldom threaten the myriad interests of their respective parent companies.

Given the uniformity of Disney's product, and the notorious hands-on style of its management, **ABC News** may well be disinclined to probe Disney's ever-growing empire—and this self-restraint will make a difference. In 1990 (5/10/90), **ABC**'s **PrimeTime Live** featured a hard-hitting story ("Tragic Kingdom") on Disney's blithe mistreatment of the land and people where the company has built its sprawling theme parks. What is the likelihood of such sharp coverage by **ABC**, now that the newsfolk are all Disney employees?

Keepers of the Books

Nor is it just by owning the newsrooms that the media trust determines what we know. The trust now dominates book publishing almost completely: Of all the major U.S. houses, only two are still independent of the likes of Murdoch, Newhouse, Viacom, Time-Warner, Bertelsmann—and Disney, which owns Hyperion. Such ownership has helped immeasurably to skew our public discourse toward the interests of the powerful.

At times the trust releases mere propaganda, such as *Deng Xiaoping: My Father*, a hagiography of the old murderer penned by his adoring daughter—and published by Rupert Murdoch's Basic Books, because (as Joe Conason reported in the **New York Observer**—3/6/95) of Murdoch's eagerness to win access to China's satellite TV market.

Usually, however—and, of course, not always consciously—the trust works to keep the world safe for monopoly by rejecting, dumping or otherwise suppressing books that might arguably hurt someone's profits, or the wrong person's feelings. Thus did Bantam (i.e., Bertelsmann) suppress Marc Eliot's *Walt Disney: Hollywood's Dark Prince*, so as not to jeopardize the profitable Bantam/Disney project of stocking supermarkets with kids' books based on Disney movies (**The Nation**, 5/31/93).

Degrading the Culture

To take note only of the trust's suppression of information, however, would be to overlook another of its dubious accomplishments—and therefore to shrug off the serious concerns of millions of Americans, left *and* right, black *and* white. As the trust excises the news its owners think unfit to print, so too does it degrade the culture by resorting continuously to the crudest stimuli: loud, dumb gunplay, cool scenes of torture, screaming music, flying glass and lots of skin. Indeed, the trust's various shock tactics cannot—and should not—be distinguished from its tendency to censorship.

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As a Murdoch property, for example, **TV Guide** does not just hype what Murdoch broadcasts on his **Fox** network—such as **Mighty Morphin' Power Rangers**, subject of a cover story (6/24/95) that ingeniously played down the controversy over that sadistic show—but the magazine itself is now often as dim and lurid as the worst of television.

Before Murdoch finally took control (his henchmen know him as a hands-on owner), **TV Guide** was, for a few years, actually a decent magazine, running serious articles and suitably caustic reviews. Under Murdoch, the magazine has turned into something like a glossy little version of his London tabloids, its covers and its pages full of cheesecake: the female stars of **NYPD Blue** posed in their underwear, Pamela Anderson of **Baywatch** fabulously kneeling in her nice bikini, etc.

Similarly, as a Newhouse property, **The New Yorker** does something more than favor certain authors published by Newhouse's Random House/Knopf franchise (an arrangement further eased by editor Tina Brown's marriage to Harold Evans, Random House's president). The magazine has also been ideologically renovated, as Brown has forced out or driven away many of its best investigative journalists (like Raymond Bonner and Allan Nairn), and has taken to excerpting books like *A Moment on the Earth*, Gregg Easterbrook's weighty heap of anti-environmentalist propaganda (and this in the magazine that first published Rachel Carson's *Silent Spring*).

Such signs of favoritism and of rightward drift, however, are quite inseparable from the magazine's overall dumbing-down and radical offenses against taste: the huge celebrity photo-portraits (the former Prince and others), the elevation of mere P.R. gimmickry over a commitment to the prose (Roseanne guest-editing an issue), the inexorable shortening of the articles (Bonner's work was just too *long!*), the deliberately "outrageous" covers, and so on. By such means, Brown/ Newhouse have been working not to keep the magazine's original readers (who have largely given up on it), but to attract much the same youngish, TV-centered cohort to whom Newhouse also pitches **GQ**, **Self**, **Details** and **Vanity Fair** (which made headlines last year with a cover photo of 12 movie starlets in their underwear).

Bringing Out the Worst

The gladiatorial "talkshows" that are now all over TV offend not because they're trivial distractions from reality. Distraction in itself is necessary. What makes those shows offensive is their systematic effort to bring out the worst in both their viewers and their guests—a mean enterprise that we can trace directly to the interests of the largest media corporations.

When, last year, one man killed another after feeling that he'd been humiliated, his masculinity impugned, on the **Jenny Jones Show** (he had been surprised, on the air, by the revelation that his "secret admirer" was in fact another man), the consequent brouhaha, predictably, raised many a somber question about the show's producers and its audience—but none about its owner, Time-Warner.

All those sleazy, often bitter "talkshows" are the exclusive products of such mammoth entities: Gordon Elliott (Murdoch), Ricki Lake (Sony), Montel Williams (Viacom), Maury Povich (Viacom), et al., provocateurs who make Phil and Oprah look polite.

The examples of the cultural devastation wrought by the media trust are endless: the movies, now loaded with blood and rape and great f/x and endless screams of "motherfucker"; gangsta rap at its most trigger-happy and misogynistic; ads everywhere, some of them bordering on pornography (and then the controversy only serves the advertiser).

Against Monopoly

All such monopolistic excess tells us that the time has come for a concerted national effort at the *only* step that can, finally, make any real difference: antitrust. Other measures may (or may not) be helpful in ameliorating certain isolated evils. Boycotts may force this or that corporation to give up (or just sell off) whichever unit turns out this or that offensive product (and, of course, mere offensiveness is always arguable). Efforts to shame the media into better coverage may well become less effective as the trust hardens into place, its managers and owners quite protected by their perfect lock on the attention, and the dollars, of the global audience. Because that overconcentrated power is itself the problem, and an unprecedented threat to our democracy, it is crucial that we now use this democracy to break that power down.

Obviously, this is a cause that cannot get much media attention (aside from ridicule), and so this necessary struggle must be fought out at the grassroots level; and this must mean strategic coalitions of progressive media activists with other groups, some apolitical and others to the right.

A few such alliances have lately formed in opposition to the trust, and to good effect. In early September, the consumer-oriented Center for Media Education teamed up with Black Citizens for Fair Media and the United Church of Christ, petitioning the FCC to turn down Westinghouse's bid for **CBS**.

And a month earlier, Rep. Edward Markey, a Massachusetts liberal, managed to blunt slightly the deregulatory force of Newt Gingrich's communications bill with an amendment limiting the number of TV households that one company may reach—an achievement enabled by his teaming up with the conservative Rep. G.V. Montgomery (D.-Miss.), who "is worried," as the **New York Times** put it (8/7/95), "that the Walt Disney Company could bring sex and violence to the South."

The Right's Hypocrisies

Such alliances are indispensable to any serious effort to democratize the media. Even if we cannot share the tastes (or the biases) of our fellow citizens, there can be no danger in a coalition whose purpose is to make the media *more* accessible and *more* diverse. Indeed, it would be riskier by far to let the Murdoch/GE/Disney/Newhouse apparat continue to absorb the culture—and to leave many millions of Americans, with their often sensible concerns about the media's influence, to the provocations of such rightist demagogues as Newt Gingrich, Pat Buchanan and Ralph Reed, who just pretend to take those worries seriously.

In fact, the right has managed to *protect* the corporate power behind the media, precisely through that great pretense of caring passionately about "family values," etc. There is no real conflict between those demagogues and the monopolists. (Indeed, certain of those demagogues, like Pat Robertson, are would-be monopolists themselves.)

This was obvious when, at the 1992 Republican convention, Dan Quayle, as usual, scored "Hollywood" for its celebration of "sex and violence," and got, predictably, a big enthusiastic hand from the assembled delegates and the party bigwigs on the stage behind him—including Arnold Schwarzenegger. Such bad faith was obvious again last spring, when Bob Dole ripped narrowly into Time-Warner for its promotion of gangsta rap and bloody movies (although not Arnold Schwarzenegger's)—shortly after, as Senate leader, he'd given that same corporation everything it had been lobbying him for.

The right wants just to demonize the media, not demonopolize them. The spectre of immoral film and TV producers and traitorous liberal journalists—that is to say, Jews—is an old goad indispensable to agitators whose real program is profoundly anti-democratic, and who therefore must keep hammering at a certain evil and illusory "elite" so as to make themselves appear as populists instead of fascists, theocrats and/or simple servants of big business.

Calling the Bluff

It is therefore time to call their bluff: i.e., to tell the people who it is that really owns the media (a lesson that will make clear to rational folks that it is not, in fact, "the Jews"); to remind the people that they are themselves the owners of the airwaves; and to point out the very close relationship between the media's ever-worsening excesses and its all-but-total domination by a few huge multinational corporations.

And so we must begin a serious national debate on antitrust, raising crucial questions about foreign ownership, the dangers of horizontal integration, the necessity of public access, the possibility of taxes both on advertising and on the use of TV spectrum, and all the other issues on which this Congress has been speeding madly in the wrong direction.

However, before we can mount that debate, progressive media activists must start to engage the cultural concerns of those beyond our own too-small and (at the moment) isolated circle. Rather than ignore, or laugh off, the qualms of rural folk, suburbanites, even some Christian fundamentalists, et al., we must broaden our critique to take account of the trust's various aesthetic crimes along with its many journalistic lapses.

Between ourselves as critics of the media, and those right-wingers who get so much mileage out of their attacks on "Hollywood," only we are capable of making any difference. To that end, we need to recognize the great and understandable uneasiness of all those parents, clergy and teachers out there, and now include them in our democratic effort. ❑

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WESTINGHOUSE/CBS:

THE NO. 1 NUCLEAR COMPANY WANTS THE NO. 3 NETWORK

BY KARL GROSSMAN

The prospect of **CBS** being taken over by the Westinghouse Electric Corporation—the biggest nuclear power plant manufacturer in the world; the No. 3 U.S. government contractor for nuclear weapons; the manager of a string of government nuclear weapons facilities, including several heavily polluted sites—is being met with sharp criticism by safe-energy activists.

"We now have two of the three networks run by nuclear power interests," said Michael Mariotte, executive director of the Washington, D.C.-based Nuclear Information and Resource Service. (General Electric acquired **NBC** in 1986.) "This is frightening especially considering that **NBC**'s coverage of the nuclear industry has deteriorated since GE took it over. **CBS** has done a fairly good job on nuclear issues. I hate to see that end."

"This is a direct threat to the underpinnings of our democracy," said Scott Denman, executive director of the Safe Energy Communication Council, also headquartered in D.C. "A democracy depends on an unrestricted, unfettered and complete debate on controversial issues of public importance. The control of the news media by vested interests like Westinghouse by its very nature erodes the free flow of information in our democratic society, especially now that the Fairness Doctrine is not being enforced."

Westinghouse and GE are the Coke and Pepsi of nuclear power. Some 80 percent of nuclear power plants worldwide are of Westinghouse or GE design, with Westinghouse the bigger nuclear plant manufacturer of the two. Both Westinghouse and GE are in the midst of a worldwide push to sell a new line of new, "improved" nuclear plants (***EXTRA!***, 5-6/90): In promotional material, Westinghouse touts its AP-600 design as "acceptable to the American public, a friend to the consumer, simpler to construct, operate and maintain, designed with inherently safe, passive systems, [and] affordable for the power producer."

Westinghouse is exceeded only by Lockheed Martin and McDonnell Douglas Corp. as a U.S. nuclear weapons contractor, doing nearly $3 billion annually in business, according to a report last year by Nuclear Free America (**New Abolitionist**, Fall/94). Among the nuclear facilities Westinghouse runs for the government are the Hanford Nuclear Reservation in the state of Washington and the Savannah River facility in South Carolina, both sites of massive nuclear contamination.

Michael H. Jordan, the chair and chief executive officer of Westinghouse, who personally arranged the $5.4 billion all-cash deal for Westinghouse to buy **CBS**, is a nuclear engineer. As a Navy officer, he spent six months "at the Westinghouse Bettis Atomic Power Laboratory near Pittsburgh, where he earned certifications as a nuclear engineer," according to Westinghouse's biography of Jordan.

Westinghouse is not averse to using the hardest of sells in pushing its nuclear power plants. In 1988, the Philippines filed suit against Westinghouse, accusing the company of bribing officials of the Marcos regime to build a nuclear plant—"on the side of a volcano, beside an earthquake fault, on the Bataan peninsula." (**New York Times**, 12/1/88) In 1992, Westinghouse reached an out-of-court settlement with the Philippines government on the $2.2 billion lawsuit.

Westinghouse has faced legal troubles at home as well. Ralph Nader's Critical Mass Energy Project recently obtained a 1993 letter written to the Tennessee Valley Authority in hopes of dissuading the TVA from suing Westinghouse over allegedly faulty nuclear plant steam generators, as several other utilities had. "This litigation is harmful to utilities, to Westinghouse and to the commercial nuclear power industry," Westinghouse executive John Yasinsky wrote to the TVA's president for power generation:

> For example, the Union of Concerned Scientists has used the litigation as a vehicle to incorrectly imply that steam generator issues pose health and safety risks to the public. This message has been communicated to the media and the legislators.... If the current litigation process proceeds through the public trial stage, we will have created a platform for those opposed to nuclear power to unfairly attack both the safety and economics of operating nuclear power plants. The public spectacle that steam generator trials will create will further threaten the nuclear power options for the future of our nation.

Westinghouse's efforts to block media coverage of flaws that may be present in half of all U.S. nuclear reactors bodes ill for the future independence of **CBS News**. This letter shows that Westinghouse "is not concerned with doing the right thing," says Jim Riccio, staff attorney for the Critical Mass Energy Project. "This is not a company that should own a major television network."

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